

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7739**

**BILL NUMBER: SB 504**

**NOTE PREPARED: Jan 16, 2003**

**BILL AMENDED:**

**SUBJECT:** Delivery Sale of Cigarettes.

**FIRST AUTHOR:** Sen. Miller

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** The bill requires a merchant who sells cigarettes to a person in Indiana through direct mail or the Internet to: (1) ensure that the customer is at least 18 years of age; and (2) pay the state Cigarette Tax.

The bill establishes penalties for violations.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** The Department of State Revenue and the Alcohol and Tobacco Commission (ATC) are expected to be able to absorb any additional costs incurred as a result of this bill.

**Explanation of State Revenues:** *Cigarette Tax Revenue:* The bill would require merchants who sell cigarettes through direct mail or the Internet to pay the state's Cigarette Tax and report each sale to the Department of State Revenue. The impact of this provision on Cigarette Tax collections is unknown. Cigarette Tax revenue is deposited in the state General Fund (83.97%), the Mental Health Fund (0.94%), the Cigarette Tax Fund (6.60%), and the Pension Relief Fund (8.49%).

**Penalty Provision:** This bill establishes requirements for the ordering, shipment, and receipt of cigarettes obtain through direct mail or the Internet. Violators of the bill's provisions would be assessed a \$1,000 civil penalty by the ATC. Any fine revenue received would be deposited into the Youth Tobacco Education and Enforcement Fund. The Fund is administered by the ATC and is currently funded with fine revenue collected from retailers that sell tobacco products to minors. The Fund is used for excise officer training, retailer education, and for the prevention of youth smoking.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Alcohol and Tobacco Commission; Department of State Revenue

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** John Parkey, 317-232-9854